

POWER'S ON IN UTAH



Energy natural resources in Utah are, well, energetic. Cute puns aside, the state's energy resource industries have all shown strong gains in the past year. These increases have been made possible, in large part, by the strong population growth throughout the West—in Utah in particular—and the near-historic high prices in global markets for coal, oil, and natural gas. Utah has been blessed with considerable reserves of all these key natural resources and they will continue to play an important role in the state's economy. Nevertheless, beyond these core resources, the state is also beginning to see some movement in the development of alternative energy resources.


Coal was Utah's original energy claim to fame. Since extraction operations began in the mid-1800s, coal has been the main energy source for Utah. Many of the state's power plants rely on the high-quality, low-sulfur coal from the Wasatch Plateau to generate electricity. Nevertheless, the state's coal industry had been in something of a slump during the past decade as low natural gas prices created a boom in gas-fired power plants. However, as natural gas prices have soared, coal is becoming a more economical choice—even

when considering the increased capital and environmental costs. After several years of decline, coal production in Utah rose 10 percent in 2005 compared with the previous year. Employment in coal mining, statewide, also rose significantly in 2005, with the number of jobs increasing nearly 14 percent—to 1,768—over 2004. However, these gains are mainly the result of mines coming back online and, thus, employment growth is likely to moderate.

Oil and natural gas, on the other hand, have followed very different paths in terms of Utah's energy resource industries. The state's oil production peaked in 1985 at an impressive 40.8 million barrels. Since that time production has been in a steady decline, reaching a low of 13.1 million barrels in 2003. However, in response to high oil prices, production rose in both 2004 and 2005—totaling 14.6 million and 15.6 million barrels, respectively. Even with this apparent improvement, natural gas exploration has been the primary driver in the state's latest energy boom. In 2005 marketable gas production in Utah reached a decade-long high of 302 billion cubic feet. Employment in the combined oil

and gas industries increased from 3,002 in 2004 to 4,010 in 2005—or a rise of 33.6 percent. Of these additional 1,008 jobs, fully 47 percent were related to the drilling of oil and gas wells. Another 44 percent came from companies that service oil and gas operations. Only nine percent of the job increase was due to increased production employment.

Alternative forms of energy have developed slowly in Utah. The state has roughly 27.3 megawatts of electricity-generating capacity in geothermal, wind and solar power. This makes up only a small fraction of the 38,212 gigawatts of electricity generated in Utah in 2004. However, it is important to note that the state also has 286.8 megawatts of hydroelectric power capacity—though, the bulk of this comes from the Flaming Gorge dam operated by the Bureau of Reclamation. In terms of solar and wind power, Utah could house additional capacity, although, other areas in the nation will probably be brought online first.

The question that is on everyone's lips: how long will this last? How long will Utah's energy resources be in such high demand? How long will the energy boom in the Uintah Basin last? Best bets appear to point to sustained demand. As energy resources in other areas of the nation become depleted—and the flat growth of natural gas and oil production in long-term forecasts from the Energy Information Administration (EIA)—the use of Utah's coal, oil, and gas will become even more competitive. 

More? Go to:

Utah Energy and Mineral Data, Utah Geological Survey:

<http://geology.utah.gov/sep/newdata/statpage.htm>

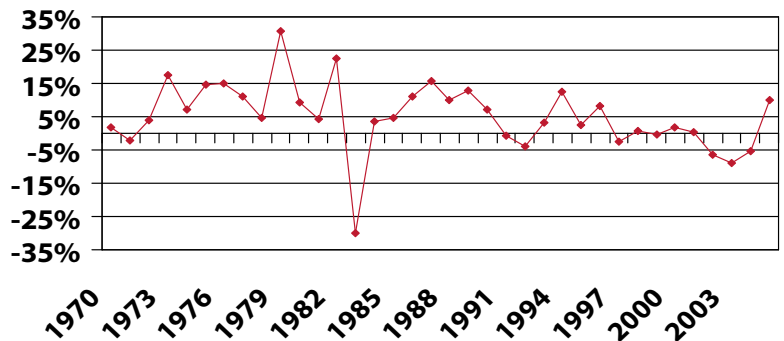
Energy Information Administration (EIA):

<http://www.eia.doe.gov/>

EIA Forecasts:

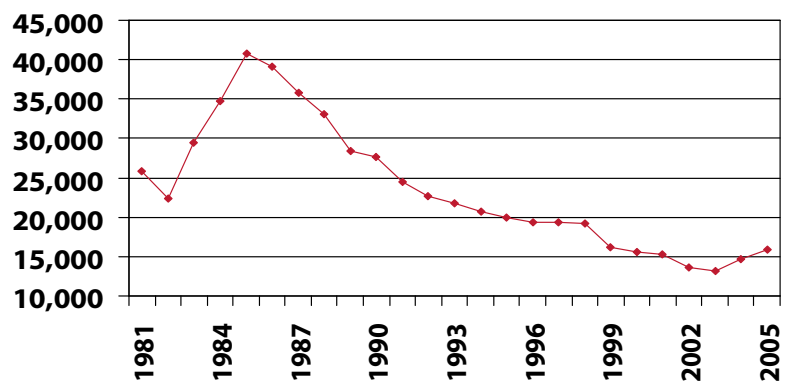
<http://www.eia.doe.gov/oiaf/forecasting.html>

Year-over Percent Growth in Coal Production in Utah



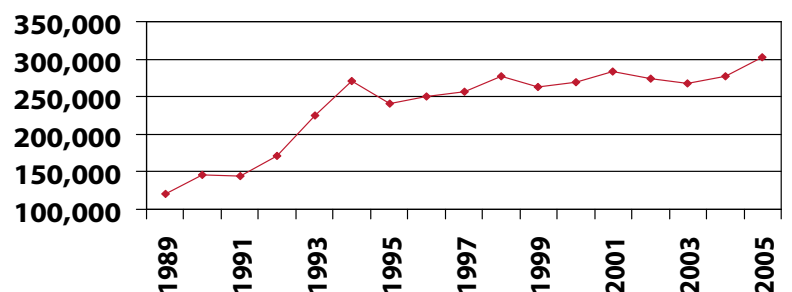
Source: Utah Geological Survey

Utah Oil Production (in Barrels)



Source: Energy Information Administration

Utah Marketable Natural Gas Production (in Millions of Cubic Feet)



Source: Energy Information Administration